



SANDRA SHEWRY  
Director

State of California—Health and Human Services Agency  
**Department of Health Services**



ARNOLD SCHWARZENEGGER  
Governor

March 13, 2007

Dear Interested Parties:

**HEALTH CARE OPTIONS PROGRAM REQUEST FOR PROPOSAL (RFP) 06-55000  
ADMINISTRATIVE BULLETIN 11, ADDENDUM 9**

Administrative Bulletin Number 11, Addendum 9 issued by the California Department of Health Services (CDHS), Office of Medi-Cal Procurement (OMCP), announces information and changes to Request for Proposal (RFP) for the Health Care Options Program. CDHS provides notification to interested parties of the following:

1. Enclosed you will find official responses to additional Proposers' questions submitted to OMCP.
2. Addendum 9 incorporates changes to various sections of the RFP; it includes changes to:
  - RFP Main
  - Exhibit A, Attachment I – Takeover
  - Exhibit A, Attachment II – Operations
  - Exhibit B – Budget Detail and Payment Provisions
  - Exhibit B, Attachment I – Special Payment Provisions
  - Exhibit E – Additional Provisions

In order to configure the Internet and CD version of the RFP to accurately reflect the current requirements and considerations, remove the existing pages and insert the appropriate replacement pages. The website for the electronic version is [www.dhs.ca.gov/omcp](http://www.dhs.ca.gov/omcp).

**ONLINE AND CD VERSION**

To update the RFP, use the instructions in the following chart. Any changes made to the RFP are published as replacement pages in the RFP.

REMOVE EXISTING PAGES	REPLACEMENT PAGES
RFP Main, page 93	RFP Main, page 93 Reference has been modified.

REMOVE EXISTING PAGES	REPLACEMENT PAGES
Exhibit A, Attachment I – Takeover, page 1-6	Exhibit A, Attachment I – Takeover, page 1-6  Modified text.
Exhibit A, Attachment I – Takeover, page 1-43	Exhibit A, Attachment I – Takeover, page 1-43  Modified text.
Exhibit A, Attachment II –Operations, Section 2, Informing Materials, Table of Contents	Exhibit A, Attachment II –Operations, Section 2, Informing Materials, Table of Contents has been modified.
Exhibit A, Attachment II –Operations, Section 2, Informing Materials, page 2-18	Exhibit A, Attachment II –Operations, Section 2, Informing Materials, page 2-18  Added and deleted language.
Exhibit A, Attachment II – Operations, Section 2, Informing Materials, page 2-19	Exhibit A, Attachment II – Operations, Section 2, Informing Materials, page 2-19  Deleted language.
Exhibit A, Attachment II – Operations, Section 2, Informing Materials, page 2-20 through 2-26	Exhibit A, Attachment II – Operations, Section 2, Informing Materials, page 2-20 through 2-26  No change, text moved from previous page.
Exhibit B – Budget Detail and Payment Provisions, pages 1 through 3	Exhibit B – Budget Detail and Payment Provisions, pages 1 through 3  Replace this section in its entirety as there are language and section number modifications throughout entire section.
Exhibit B, Attachment I – Special Payment Provisions, Table of Contents	Exhibit B, Attachment I – Special Payment Provisions, Table of Contents has been modified.
Exhibit B, Attachment I – Special Payment Provisions, pages 30 of 33 and 31 of 33	Exhibit B, Attachment I – Special Payment Provisions, pages 30 of 33 and 31 of 33  Deleted language.
Exhibit E, Additional Provisions, page 1 of 58	Exhibit E, Additional Provisions, page 1 of 58  Deleted text.
Exhibit E, Additional Provisions, page 13 of 58	Exhibit E, Additional Provisions, page 13 of 58  Modified and added language.
Exhibit E, Additional Provisions, page 17 of 58	Exhibit E, Additional Provisions, page 17 of 58  Added language.

REMOVE EXISTING PAGES	REPLACEMENT PAGES
Exhibit E, Additional Provisions, page 18 of 58	Exhibit E, Additional Provisions, page 18 of 58 Modified and added language.
Exhibit E, Additional Provisions, page 28 of 58	Exhibit E, Additional Provisions, page 28 of 58 Deleted text.
Exhibit E, Additional Provisions, page 29 of 58	Exhibit E, Additional Provisions, page 29 of 58 Added language.
Exhibit E, Additional Provisions, page 30 of 58	Exhibit E, Additional Provisions, page 30 of 58 No text change.
Exhibit E, Additional Provisions, page 41 of 58	Exhibit E, Additional Provisions, page 41 of 58 Modified and added language.

Prospective Proposers have five (5) working days from the issue of this transmittal to the postmark date of the proposers' response to submit any objections to the Addendum to the address below:

RFP 06-55000  
Attn: Karissa Kanenaga or Ramonda Ramos  
CA Department of Health Services  
Office of Medi-Cal Procurement, Mail Station 4200  
Health Care Options Program  
P.O. Box 997413  
Sacramento, CA 95899-7413  
E-Mail: [omcprfp0@dhs.ca.gov](mailto:omcprfp0@dhs.ca.gov)

Sincerely,

Original signed by *Donna Martinez*

Donna Martinez, Chief  
Office of Medi-Cal Procurement

Enclosures

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**Additional Proposer Questions and OFFICIAL Answers**  
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	Ref	Section	Page #	Question	Responses
1	General			<p>The RFP defines the Contract Effective Date (CED) as “the date upon which the terms of the contract begin...that the Contract standard agreement is approved and signed...”</p> <p>The initial due date of many contract deliverables is based on the CED. Please clarify how the CED relates to the start of the Turnover Period and operational launch of the HCO program.</p>	Turnover activities, which began January 1, 2007, are conducted by the current contractor, and are not predicated upon CED.
2	02-Main	K.2.e	Page 27	The RFP states that bidders may not mark any portion of their proposal as “confidential.” Will CDHS allow an exemption to this requirement for privately-held firms that prefer to maintain the confidentiality of their financial statements.	No. Although the content of bidder proposals remains confidential during the procurement process, financial statements will be made available to any requesting party after the Notice of Intent to Award is issued.
3	02-Main	K.3.i, Financial Stability Plan	Page 36	If audited 2006 financial statement are not yet available, will CDHS accept unaudited 2006 financial statements?	Unaudited statements may not be submitted. Please see RFP Main, Section K.3.i.1)a), Page 36, which states that audited statements are required.
4	Attachments (1-19) and Exhibit E, Additional Provisions	Attachment 17 Cost Proposal Form.		The RFP does not provide any reference or guidance to complete this form. Please provide specific direction to complete this form including definitions of each category, what should be included/excluded in each category. If it is expected that the totals in Attachment equal total in other cost forms,	Attachment 17, Cost Proposal Form is to be completed by the Contractor when proposing costs related to a Change Order or Amendment, as identified in Exhibit E, Section 14,

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	Ref	Section	Page #	Question	Responses
				etc.	Change Orders. All Change Order or Amendment costs proposed by the Contractor shall be identified on Attachment 17. The level of detail will be discussed at the time a Change Order and/or Amendment is necessary.
5	Exhibit A, Attachment II	1.4.1.C	1-3	Would the State please provide the last 12 month history of IVR useage in the current operation – including the total number of calls coming into the operation, the number that are handled by the IVR any detail on routes chosen within the current IVR options and what those options are.	An IVR System is not currently used in this project; therefore this information is not available to Proposers. However, current Call Center data are provided in the Data Library under the headings of Monthly Progress Reports and DHS HCO Letters.
6	Exhibit A, Attachment I	1.13.1	1-40	Can the CDHS please provide information on the areas of the current operation that are considered “key” and those that are considered “non-key” for purposes of the quality assurance sampling methodology?	The areas that are considered ‘key’ in the current contract’s operation are the same as those that are listed in RFP Exhibit A, Attachment II, Section 4.4, Quality Management Program, General Responsibilities, and 4.7, Quality Assurance Key Operational Areas. ‘Non-key’ operational areas are all remaining operational areas within the HCO Program.
7	Exhibit A,	4.6.1	4-5,	Following subsections A – E it states that	The language in Exhibit A,

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	Ref	Section	Page #	Question	Responses
	Attachment II		4-6	“the Contractor must ensure that the QA procedures comply with ISO standards upon CED, by maintaining, at a minimum, six (6) documented procedures that best suit the needs of the Contractor as applied to the HCO Program.” According to Exhibit A, Attachment I, section 1.13.1 Quality Assurance Plan – the plan is not due until one month after CED. Please clarify the apparent inconsistency in timeframe between these two sections. Also, are the six documented procedures in reference to procedures for the HCO program or examples of procedures the contractor might use in other operations?	Attachment I, Section 1.13.1, Quality Assurance Plan reads that the Quality Assurance Plan is to be <u>updated</u> and submitted one month after CED. However, upon further review, it is noted that the Quality Assurance Standards and Procedures Manual (QASPM), Exhibit A, Attachment I, Takeover, Section 1.13.2, states that the QASPM, which contains the Quality Assurance Plan, is to be submitted no later than three (3) months after CED. The language will be revised to read that the QASPM shall be updated and submitted to the CDHS one (1) month after CED.  The six (6) documented procedures are to be HCO Program-specific.
8	Exhibit A, Attachment II	4.1	4-1	The RFP states that the quality management staff shall “only perform quality management functions.” A significant part of their responsibility is to submit and track Problem Statements. Would CDHS consider allowing the Problem Correction function to report to the Quality Manager as these seem closely related and	The current contractor's Problem Correction Process unit reports to the Quality Assurance Director. This is because the Problem Correction Process is one of the tools used to meet and maintain quality standards

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	Ref	Section	Page #	Question	Responses
				involve significant communication with CDHS?	throughout the contract. For the new Contract, if a Proposer proposes the Problem Correction function to report to the Quality Manager, the CDHS will consider such.
9	Exhibit D-F	5. Subcontractor Requirements, Subsection j	Page 9 of 26	Subsection J refers to “numbered provisions of this Exhibit,” and refers to number 32. There does not appear to be a section 32 in this Exhibit. Please clarify.	The “numbered provisions of this Exhibit” should state Section 31. There is no Section 32 in Exhibit D(F).
10	General			What are the current voluntary enrollment rates for the mandatory and voluntary populations? Will CDHS require minimum voluntary enrollment rates for each of these populations?	This information is located in M02 Reports and the Min/Max Reports, which are included in the Data Library under the headings Reports and DHS HCO Letters. The CDHS does not require a minimum voluntary enrollment rate for each of the populations; however, included in the Contract is a monetary incentive to decrease the auto-assignment (default) rate (thereby increasing the voluntary enrollment rate) for the mandatory population.
11	General			Throughout the RFP, CDHS refers to “critical operations.” Please define the specific aspects of the HCO operations that CDHS considers “critical.”	The ‘critical’ operations are those that are listed as ‘key’ operations in RFP Exhibit A, Attachment II, Section 4, Quality Management

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	Ref	Section	Page #	Question	Responses
					Program.
12	General			In addition to the required attachments and forms, can bidders include appendices with additional information that is relevant to the scope of work (e.g., sample materials)?	No. Please see RFP Main, Section P.9.b.1), Page 100, which states that CDHS may request additional information.
13	General			<p>Despite the fact that the materials used for publications, packets and letters may change throughout the term of the contract, does the list of letters and packets below represent the number and variety that are currently utilized by the HCO program? If not, what additional packets and letters are used? Can CDHS provide an itemization of the contents of each of these letters or packets and an example of each one?</p> <ul style="list-style-type: none"> <li>• Letters</li> <li>• Intent to Default (ID)</li> <li>• Enrollment Confirmation (CL)</li> <li>• Disenrollment Confirmation (DL)</li> <li>• Mandatory to Voluntary (MV)</li> <li>• 45-Day Exemption (EX)</li> <li>• Annual Renotification (RL)</li> <li>• Special Mailings (SP)</li> <li>• Incomplete Ltr # by Case</li> <li>• Packets</li> <li>• BBM Packet (BB) Voluntary Beneficiary</li> <li>• Disenrollment Packet (DP)</li> <li>• Intent to Assign (IA)</li> <li>• Mandatory Medical/Voluntary Dental Combination Packet (HC/DHS MMVD)</li> <li>• Mandatory Outreach Packet (HCO/DHS</li> </ul>	<p>A list and sample of each letter used in the HCO Program is included in the Data Library under the heading HCO Informing Notices/Health Plan Membership Status Letters. A sample of each packet type is included in the on-site Data Library.</p>



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	Ref	Section	Page #	Question	Responses
				PM) • Packets Requested by Mandatory Beneficiaries via Telephone (PM) Medical Only • Packets Requested by Voluntary Beneficiaries via Postcard or Telephone (PV2) • Packets Requested by Voluntary Beneficiaries via Telephone (PV3) • Special Mailings (SP) • Voluntary Outreach Packet (HCO/DHS PV)	
14	General			What is the average monthly volume of calls made to the program? What percentage of these calls received a busy signal?	The average monthly volume of calls and the percentage of calls which receive a busy signal are included in the Data Library under the headings Monthly Progress Reports and DHS HCO Letters.
15	Exhibit A, Attachment II, Operations	1.4.1.E	1-4	It appears that the intent is to record 100% of calls. How long does the state require that recorded calls be archived? Do all calls need to be recorded and archived for the length of the contract, or may recorded calls be purged after a specific period of time?	It is the CDHS intent that one hundred percent (100%) of the calls received and placed by the Contractor's Telephone Call Center and Research unit be recorded. All recorded calls shall be retained for the length of the Contract.
16	General			If the beneficiary faxes a copy of his completed Choice Form to the Contractor, is he still required to mail a copy, since the	Applicants/beneficiaries may fax Choice Forms and other enrollment forms to the

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	Ref	Section	Page #	Question	Responses
				<p>fax would include his signature?</p> <p>If the beneficiary e-mails a copy of his completed Choice Form to the contractor, is he required to mail a copy that includes his signature?</p> <p>E-mail is not necessarily a secure environment. Does the CDHS consider it HIPAA-compliant if the beneficiary e-mails his completed Choice Form to the Contractor?</p>	<p>Contractor, but must follow up by mailing the original, signed forms to the Contractor. The Contractor shall 'pend' the faxed form until the original, signed form is received. All documents received in this manner shall be handled in a HIPAA-compliant manner.</p> <p>The Contractor shall not encourage applicants/beneficiaries to email Choice Forms or other enrollment forms to the Contractor and shall not process any forms received via email. The CDHS does not consider this method of enrollment to be HIPAA-compliant.</p> <p>No. CDHS does not consider it Hipaa-compliant if a completed Choice Form is e-mailed.</p>
17	Presentation Site Space and Staffing Plan Implementation	1.5.1.2.F	1-11	Does the CDHS currently have a restriction on the number of FTE allowable for field staff? If so, what is it? Has the CDHS ever had a restriction on the number of FTE allowable for field staff? If so, what was it?	Yes, in the current contract, the CDHS has a restriction on the number of FTE's allowable for field staff. It is currently restricted to a

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	Ref	Section	Page #	Question	Responses
					maximum of one hundred (100) FTE's.
18	Mass-mailing And/or Special Mailing Projects	2.5.7.F	2-10	How many mass mailings are there per year, per county, by language?	This information can be found in the Monthly Progress Report, samples of which are located in the Data Library under the headings Monthly Progress Reports and DHS HCO Letters.
19	Assumptions and Constraints	3.3.B	3-1	Please clarify what “shall not result in a transaction” means.	This statement means that the particular activity will not be billable to CDHS. For example, if an action such as an auto-assignment (default) transaction occurs, it is deemed to not result in a transaction, and therefore will not be billable to or payable by the CDHS. Please refer to Exhibit B, Attachment I, Special Payment Provisions, Section 1.3, Payment for Enrollment/Disenrollment Transactions, for further information.
20	Informing Materials	2.0	2.1	Please provide a quantity distribution of enrollment packets and informing materials by weight.	The current contractor is not required to report this data. However, the monthly Cost Reimbursement Invoices, which are located in the Data Library under the heading Invoices and Invoice Receipts, provide each

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	Ref	Section	Page #	Question	Responses
					month's postage reimbursement total for the cost of mailing HCO Informing Materials.
21	CDHS Access to Processes	3.11.4.1	3-9	What are the "libraries" referred to here? Is this historical data for each beneficiary?	The term 'libraries' refers to the process itself. As used in Exhibit A, Attachment II, Section 10, HPE Process, it refers to the modules, codes, programs, etc., included in the HPE Process. These 'libraries' do not refer to beneficiaries.
22	Forms Processing	3.18.1.A	3-24	What are the MEDS cutoff dates?	This information is located in the Data Library under the heading DHS HCO Letters.
23	Records Retrieval Report	6.5.5.A	6-20	Please clarify what is meant by "total unduplicated requests for each type of record requested," specifically what is meant by record in this case.	The term 'record' as used in this section means the document that has been requested to be provided to the CDHS or other requesting entity.
24	Retrieval of HCO Program Records	7.6.A.9.C	7-6	What kind of "expert witness testimony" does the contractor provide? How often is this required?	The use of 'expert witness testimony' in the current and previous contracts has been to provide verification of the authenticity of records provided to the requesting party. In addition to the historical requirements, the CDHS anticipates that in this Contract 'expert witness

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	Ref	Section	Page #	Question	Responses
					testimony' can also mean appearing in court, etc., to provide verification of actions provided by the Contractor for any and all of the array of services that is expected of the Contractor.
25	Certification	7.7	7-6	How does the State want the contractor to "certify" that all the requirements have been met?	The Contractor shall provide a written certification, signed by the Contractor's authorized representative, in the form of a 'C' letter.
26	General			Please provide information on the number and percent of records that require a monthly reconciliation for the last 12 months.	The current contractor is not required to provide this data; therefore, the CDHS is not able to answer this question.

12)	To what extent does the Proposer describe in detail the specific actions that the Proposer will perform during the Turnover Phase to fulfill the Testing Support requirements?	K.3.j.3)f) and K.3.j.4)l)xi	Exhibit A, Att. III	0-4	4
13)	To what extent does the Proposer describe in detail the specific actions that the Proposer will perform during the Turnover Phase to fulfill the Other Administrative Procedures requirements?	K.3.j.3)f) and K.3.j.4)l)xii	Exhibit A, Att. III	0-4	4
14)	<p>To what extent does the Proposer describe in detail the specific actions that the Proposer will perform during the Turnover Phase to fulfill the Turnover Processing requirements?</p> <p>At a minimum the Proposer will be expected to address:</p> <p>A. Turnover Phase-Out  B. Turnover Phase-Out Work Plan and Schedule  C. Turnover Phase-Out Activities  D. Post HCO Operations Phase</p>	K.3.j.3)f) and K.3.j.4)l)xiii	Exhibit A, Att. III	0-4	4
15)	To what extent does the Proposer propose a quality product or service that meets or exceeds the requirements for this section?			0-4	4
	<b>TURNOVER PLAN SCORE</b>				<b>60</b>

<b>Milestone/Deliverable</b>	<b>Due Date (CED = Contract Effective Date)</b>	<b>RFP/Contract Reference</b>
Submit Updated Integrated Testing Plan	One (1) Month After CED	Takeover, 1.12.7.1.A.1
Employ QA Integrated Testing Team	One (1) month After CED.	Takeover, 1.12.7.1.B.6
Integrated Testing	Per the Integrated Testing Plan	Takeover, 1.12.7.2
Submit Written Certification	Prior to CDHS Acceptance Testing	Takeover, 1.12.7.2.A.8
Submit Acceptance Testing Support Plan	Three (3) Months After CED	Takeover, 1.12.8.1.A
Perform Acceptance Testing	Prior to Assumption of Operations, As Directed By CDHS	Takeover, 1.12.8.2.A
Resolve Process Variance Request(s)	Within Two (2) Business Days of Receipt	Takeover, 1.12.8.6.A
Submit New and/or Updated Manuals	Per Takeover Work Plan Schedule	Takeover, 1.12.9
Submit Project Management Status Reports Format	Three (3) Months Prior to Assumption of Operations	Takeover, 1.12.10.
Ensure Project Group Fully Staffed	One (1) Week Prior to Assumption of Operations	Takeover, 1.12.11
<b>QUALITY MANAGEMENT PROGRAM</b>		
Submit Updated Quality Assurance Plan	One (1) Month After CED	Takeover, 1.13.1
Submit <u>Updated</u> Quality Assurance Standards and Procedures Manual	<del>Three</del> <u>One</u> (1) Months after CED	Takeover, 1.13.2
Implement Standards and Procedures	One (1) Month Prior to Assumption of Operations	Takeover, 1.13.2
Submit Change Support program Plan	Three (3) Months After CED	Takeover, 1.13.3
Submit HCO Operations Policy and Procedures Manuals Installation Plan	One (1) Month After CED	Takeover, 1.13.5.A
Submit HCO Operations Policy and Procedures Manuals	Two (2) Months Prior to Assumption of Operations	Takeover, 1.13.6.A.1
<b>PROBLEM CORRECTION PROCESS</b>		
Submit Problem Correction Process Plan	Three (3) Months Prior to Assumption of Operations	Takeover, 1.14.1.A
<b>REPORTS</b>		
Submit Reports Distribution List	Two (2) Months Prior to Assumption of Operations	Takeover, 1.15.A.1
Install CDHS-Approved Reports Distribution List	One (1) Month Prior to Assumption of Operations	Takeover, 1.15.A.2

Acceptance Testing and Contractor corrective actions shall continue until the Contractor is prepared to assume HCO Operations.

- B. The Contractor shall not assume HCO Operations until written CDHS approval of Contractor readiness for Assumption of Operations is provided.

#### **1.12.9 EVALUATION OF ENROLLMENT/DISENROLLMENT PROCESSING MANUALS**

The Contractor shall submit to CDHS new and/or updated manuals as agreed upon in the Takeover Work Plan schedule at CED. The Contractor shall, concurrently, submit to CDHS a list of those manuals requiring no development and/or revisions.

#### **1.12.10 PROJECT MONITORING TOOLS**

The Contractor shall submit the project management status reports format to the CDHS for review and approval three (3) months prior to Assumption of Operations.

#### **1.12.11 PROCESS GROUP**

Ensure the PG is fully staffed and operational one (1) week prior to Assumption of Operations.

### **1.13 QUALITY MANAGEMENT PROGRAM**

#### **1.13.1 QUALITY ASSURANCE PLAN**

The Contractor shall update and submit for CDHS review and approval the Quality Assurance Plan, no later than one (1) month after the CED. This plan shall meet all the requirements described in the Exhibit A, Attachment II, Section 4, Quality Management Program, as well as demonstrate Contractor performance for all quantitative and qualitative standards as defined in the Contractor's Narrative Proposal. The plan shall also include a comprehensive list of all areas to be monitored as required by the Contract, and identify each area as either a "key" area or "non-key" area, the sampling and compliance testing methodology for each area and the sampling methodology for drawing a random sample of non-key areas to be monitored and/or compliance tested each month.

#### **1.13.2 QUALITY ASSURANCE STANDARDS AND PROCEDURES MANUAL**

The Contractor shall update and submit for CDHS review and written approval the Quality Assurance Standards and Procedures Manual, no later than ~~three-one~~ (13) months after CED. The standards and procedures described in the manual shall be implemented no later than one (1) month prior to Assumption of Operations. This manual shall incorporate the detailed procedures for all requirements described in the Exhibit A, Attachment II, Section 4, Quality Management Program.

#### **1.13.3 CHANGE SUPPORT PROGRAM PLAN**



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- A. Ensure that publications are produced in English and threshold languages as directed by the CDHS;
- B. Ensure that the publications are unbiased, culturally sensitive, and linguistically appropriate in order to promote understanding of the materials;
- C. Ensure the receipt and fulfillment of publication orders on a bulk and/or individual basis;
- D. Ensure accurate and sufficient inventory of all informing materials are kept in stock; and
- E. Ensure all reusable publications are restocked, as directed by the CDHS, when returned as undeliverable.

### 2.9.3 ASSUMPTIONS AND CONSTRAINTS

- A. The Contractor shall, upon Contract Effective Date, accept delivery and assume physical control of the existing inventory of selected Medi-Cal publications from the CDHS.
- B. The Contractor shall have immediate and ongoing distribution management responsibility for existing publications identified by CDHS during Takeover and any additional publications identified by CDHS during the Contract term.
- C. The Contractor may experience periods of frequent publications work orders followed by relatively inactive periods based on CDHS publication needs.
- D. The Contractor shall obtain final written approval from the CDHS of all publications prior to reproduction in accordance with the edit/approval process. The CDHS owns any material designed by the Contractor under this section. The Contractor has no right to reproduce or use these publications (or the design, composition or layout of the publications) for any other purpose beyond the direction given to the Contractor by the CDHS in the Contract.

~~A. The Contractor shall, two (2) weeks prior to Assumption of Operations, accept delivery and assume physical control of the existing inventory of selected Medi-Cal publications from the CDHS.~~

~~B. The Contractor shall have immediate and ongoing distribution management responsibility for the:~~

~~1. Medi-Cal Application (MC-210)~~

~~2. Medi-Cal/Healthy Families Application (MC-321)~~

~~3. Medi-Cal Informational Brochure (Pub-68)~~

~~4. Medi-Cal/Healthy Families Periodic Update Inserts (Pub-406)~~

~~5. Healthy Families Handbook~~

~~6. Additional publications identified by CDHS during the Contract term~~

~~C. The Contractor may experience periods of frequent publications work orders followed by relatively inactive periods based on CDHS publication needs.~~

~~D. The Contractor shall obtain final written approval from the CDHS of all publications prior to reproduction in accordance with the edit/approval process. The CDHS owns any material designed by the Contractor under this section. The Contractor has no right to reproduce or use these publications (or the design, composition or layout of the publications) for any other purpose beyond the direction given to the Contractor by the CDHS in the Contract.~~

## **2.9.4 GENERAL REQUIREMENTS FOR PUBLICATIONS DEVELOPMENT AND PRODUCTION**

### **2.9.4.1 DESIGN SERVICES**

The Contractor shall provide publication design services when requested by the CDHS. These services may include:

- A. Original logos, insignias, and/or graphics. The Contractor shall create original material for those publications specified by the CDHS.
- B. Photographs. For those publications specified by the CDHS, the Contractor shall obtain new photographs, utilize existing photographs furnished by the CDHS, manage the ownership rights for use in the publications, and maintain the files of modeling fees and releases on behalf of the CDHS.
- C. Composing, designing, and constructing the publications. The Contractor shall ensure that publication layout, text and graphics are spaced and arranged to ensure ease of understanding by the intended audience.
- D. Cost-Effectiveness. The Contractor shall coordinate publication design and printing management to ensure that design specifications such as colors, paper size and paper stock are cost-effective to print. The Contractor shall incorporate the results of any cultural and linguistic accuracy services into the publication design as directed by the CDHS.
- E. Edit/Approval Process. The Contractor shall propose an approval process for the CDHS to use when editing the publications, viewing document samples, modifying the material, if necessary, and tracking changes prior to production. The CDHS shall retain the authority to designate the manner and method by which Medi-Cal publications shall be reviewed, revised and approved.

### **2.9.4.2 CULTURAL AND LINGUISTIC ACCURACY**

The Contractor shall provide cultural and linguistic accuracy services, upon request by the CDHS. The Contractor shall coordinate with publication design services to

ensure that cultural appropriateness and linguistic accuracy is reflected in the final design of the publication.

#### **2.9.4.3 READABILITY ASSESSMENT**

The Contractor shall provide readability assessments of Medi-Cal publications, primarily on English source documents.

- A. The Contractor shall utilize a CDHS-approved scoring mechanism to ensure that all Medi-Cal publications, including English and all threshold languages, meet CDHS-specified reading levels for the intended audience.
- B. The Contractor shall recommend modifications of new and existing publication text, such as alternative phrases, to meet the required reading level by suggesting replacement of words or phrases that preserve the integrity of the intended textual meaning.
- C. The Contractor shall obtain CDHS written approval before initiating the readability assessment.

#### **2.9.4.4 TRANSLATION SERVICES**

The Contractor shall provide translation of the benchmark English source publication into Spanish, and into any other languages specified by the CDHS. Although the CDHS currently translates publications into nine (9) additional languages, the number of languages may be increased or reduced as deemed necessary by the CDHS.

- A. The Contractor shall provide translation services conducted by qualified translators, editors, proofreaders, and reviewers to ensure contextual accuracy and ease of understanding by the intended audience.
- B. The Contractor shall not provide translation services that utilize software or automated systems as the sole method of translation.
- C. When requested by the CDHS, the Contractor shall prepare and provide publications for the visually impaired, or other special needs audiences, consistent with Americans with Disabilities Act (ADA) requirements.
- D. The Contractor shall obtain CDHS written approval prior to initiating the translation service.
- E. The CDHS shall retain the authority to designate standards for translating publications, including, but not limited to, translator qualifications, methods, and performance standards.

#### **2.9.4.5 FOCUS GROUP TESTING**

The Contractor shall provide focus group research of CDHS-specified publications to assess the effectiveness of the publications in achieving their objectives. The CDHS

typically conducts focus group research for new publications and not for reproduction of existing publications.

- A. The Contractor shall submit a proposal that states the research objective and the plans for accomplishing the objective through qualitative and/or quantitative research.
- B. The Contractor shall obtain CDHS written approval prior to initiating focus group research.
- C. The Contractor shall provide a Focus Group Research Plan that includes the project schedule and the estimated number of sessions and respondents, by California region and language. The Contractor's final Research Plan shall meet the following requirements:
  - 1. The Contractor shall provide qualified focus group moderators for all focus group sessions and translation services for non-English focus group sessions.
  - 2. The Contractor shall develop moderator discussion guides that achieve the stated focus group testing objective as approved in writing by the CDHS.
  - 3. The Contractor shall recruit respondents that reflect the demographics of the intended audience of the publication, as specified by the CDHS.
  - 4. The Contractor shall arrange for the usage of focus group facilities, including donated facilities, and provide support for the respondents, such as incentive payments, transportation, childcare, and meals (if necessary).
  - 5. The Contractor shall obtain the CDHS written approval of the Focus Group Research Plan prior to commencing the research. A CDHS representative, and other individuals designated by the CDHS, shall be present to observe and monitor the focus group sessions.
- D. The Contractor shall submit to the CDHS a preliminary report that highlights the general outcome of the focus group research. The report shall include the major recommendations for improving the publication based upon commentary from respondents. The Contractor shall submit the report in writing to the CDHS within a maximum of fifteen (15) business days of the conclusion of the research, or at an earlier time if requested by the CDHS.
- E. The Contractor shall submit a written Final Report that details the outcome of focus group research, such as any design and content flaws in the publications, positive and negative feedback, an evaluation of the cultural and linguistic appropriateness of the publications, respondent demographics, examples of specific comments made by respondents, an assessment of the adequacy of the publications in meeting the information needs of the target audience, and recommendations for improving the publication. The Final Report shall include an audio and/or visual record of the focus group sessions, if requested by the CDHS.

- F. The Contractor shall revise publications as a result of focus group testing in accordance with the edit and approval process specified in Design Services.

### **2.9.5 PRINTER SERVICES**

The Contractor shall print the Medi-Cal publications upon receipt of the final written approval for printing from the CDHS.

- A. The Contractor shall generate a Print Specification Schedule for each printing service that includes the requirements and specifications for:
  - 1. Paper Size, such as 8 ½ x 11 inches or 4 x 6 inches
  - 2. Paper Count, such as 24 pages from front to back of sheets, or single sided
  - 3. Paper Stock, such as 80# Glossy
  - 4. Ink, such as four color and black and white
  - 5. Bindery, such as cut, fold and saddle stitch with staple in the middle
  - 6. Special Treatment, such as sequential barcodes and/or other numerical coding for tracking purposes
  - 7. Quantity, such as 50,000 units
  - 8. Other specifications necessary to obtain accurate job estimates from various printing companies
- B. The Contractor shall obtain CDHS written approval of the Print Specification Schedule prior to initiating the printing.
- C. The Contractor shall deliver completed publications to the distribution facility, as described in this Contract, or to other locations when specified by the CDHS, such as the CDHS warehouse.
- D. The Contractor shall be responsible for the printing costs of misprinted publications and either refund or credit the cost of such publications to the CDHS, or make required corrections and replace it at no cost to the CDHS.

### **2.9.6 WORK PLANS, COST ESTIMATES AND SCHEDULES**

The Contractor shall oversee all phases of publication development and production, from project initiation to project completion.

- A. Within five (5) business days of receiving CDHS direction to develop new or to revise existing Medi-Cal publications, the Contractor shall submit a project work plan to the CDHS. The purpose of the work plan is for the Contractor to articulate the CDHS publication concept, describe the projected level of effort, and review various alternative cost-effective approaches. The Contractor

shall obtain CDHS approval of the work plan before commencing with subsequent project activities.

- B. Within five (5) business days of receiving CDHS approval of the work plan, the Contractor shall submit cost estimates and schedules for publication development and production services based on the approved work plan. The Contractor shall obtain the State's approval of cost estimates and schedules before commencing with subsequent project activities.
- C. CDHS may waive the five (5) business day requirement if the Contractor demonstrates a reasonable need for additional time.
- D. CDHS may request the Contractor to submit cost estimates and schedules without first requesting a work plan if CDHS determines that an initial work plan is not necessary.
- E. CDHS may require the Contractor to provide expedited development and/or production of existing and new publication. Under these circumstances, the Contractor shall produce and/or develop the publications according to an expedited schedule provided by the CDHS.

#### **2.9.7 EXISTING PUBLICATIONS**

- A. The Contractor shall revise existing publications and/or reproduce existing publications without revisions, as directed by the CDHS.
- B. The Contractor shall, upon commencement of this Contract, assume possession of master copies of existing publications from the CDHS. The CDHS shall retain authority to designate the manner and method by which master copies shall be transferred. The Contractor will be provided as much production information (font, images etc.) on each piece of material as possible.

#### **2.9.8 NEW PUBLICATIONS**

The Contractor shall develop and reproduce new publications, when requested by the CDHS, for the purpose of informing the intended audience about the Medi-Cal program or providing methods to apply for the Medi-Cal program. Examples of such new publications include flyers, forms, notices, and booklets.

#### **2.9.9 TRANSFER ON TERMINATION**

The Contractor shall, upon termination of this Contract, transfer control of all Medi-Cal publications, both physical inventory and electronic copies, to the CDHS. The CDHS shall retain authority to designate the manner and method by which Medi-Cal publications shall be transferred.

#### **2.9.10 DISTRIBUTION FUNCTIONS**

##### **2.9.10.1 STORAGE AND INVENTORY STANDARDS**

The Contractor shall maintain sufficient inventory of the publications to ensure that distribution of existing and new publications is in accordance with CDHS standards. The Contractor is responsible for monitoring the inventory and projecting future needs based on historical evidence. The Contractor shall be responsible for the storage and inventory of publications in accordance with the following standards.

#### **2.9.10.2 LOCATION OF PUBLICATIONS**

- A. The Contractor shall operate an efficient Medi-Cal publication distribution facility. The Contractor shall use a cost-effective method that offers low overhead costs. The Contractor may choose to lease a facility that is currently operational and offers the best value to the CDHS.
- B. The Contractor shall store Medi-Cal publications at a distribution facility within the State of California.
- C. The Contractor shall store all publications in a secure location that maintains their condition, protecting them from the elements such as rain or excessive sunlight that will fade and damage publications.

#### **2.9.10.3 INVENTORY CONTROL METHODS**

- A. The Contractor shall develop and maintain an inventory system to ensure a sufficient inventory of Medi-Cal publications in accordance with CDHS standards. This system shall, at a minimum:
  - 1. Accurately account for the inventory of each Medi-Cal publication at all times
  - 2. Generate reports that accurately reflect inventory on hand for each inventory item
  - 3. Project upcoming inventory need
  - 4. Track and identify the inventory re-order point for each inventory item
- B. The Contractor shall provide to the CDHS an inventory of specified items within one business day of receiving a request from the CDHS.

#### **2.9.10.4 REPLENISHMENT OF STOCK**

The Contractor shall ensure an appropriate inventory of Medi-Cal publications by replenishing publications using a replacement process and schedule proposed by the Contractor and approved by the CDHS. The Contractor shall notify the CDHS in writing when the inventory of any publication reaches a minimum forty-five (45) business-day supply. The notice shall include:

- A. A description of the publication needed.
- B. Inventory on hand, estimated depletion date, and the number needed for a ninety (90), one-hundred eighty (180), and three-hundred sixty (360) business-day supply.



The Contractor shall replenish the stock of publications as directed by the CDHS and to the extent determined by the CDHS.

#### **2.9.10.5 OBSOLETE PUBLICATIONS**

Within ten (10) business days of receipt of written notification from the CDHS, the Contractor shall remove obsolete publications from inventory and update the inventory data to reflect this removal. The Contractor shall recycle and/or destroy obsolete publications when directed by the CDHS.

#### **2.9.11 ORDER FULFILLMENT**

The Contractor shall fulfill orders for publications as follows:

- A. The Contractor shall provide a cost-effective and efficient method for receiving orders for publications from customers. The Contractor may utilize a telephone service center, an Internet website, or any other method that is approved by the CDHS.
- B. The Contractor shall prepare and ship the appropriate Medi-Cal publications to recipients as designated by the CDHS:
  - 1. Within three (3) business days of the request, the Contractor shall mail and/or ship publications to individual residences.
  - 2. The Contractor shall deliver and/or ship publications to community-based organizations, commercial locations, schools, and similar locations as specified by the CDHS, within four (4) business days of receiving a request to deliver and/or ship such publications.
  - 3. The Contractor shall deliver and/or ship publications to county departments within five (5) business days of receiving a request to deliver such publications.
  - 4. The Contractor shall deliver and/or ship publications to the CDHS at any of its California locations, including the CDHS warehouse, within five (5) business days of receiving a request from the CDHS to deliver such publications.

#### **2.9.12 STANDARDS FOR DISTRIBUTING MEDI-CAL PUBLICATIONS**

The Contractor shall distribute orders for publications in accordance with the following standards:

- A. The Contractor shall select the most cost-effective freight and shipping contractors when fulfilling orders for publications.

- B. The Contractor shall use envelopes, boxes, or other packing materials of sufficient size and strength to accommodate the shipment of publications in accordance with carrier requirements and/or CDHS specifications.
  
- C. The Contractor shall coordinate with the CDHS warehouse to ensure compliance with its storage requirements, including but not limited to, pallet size and maximum weight.
  
- D. The Contractor shall distribute publications to recipients via overnight courier service upon receipt of a request by the CDHS. The Contractor shall select overnight courier service subcontractors in a cost-effective manner, as approved in writing by the CDHS. The Contractor shall provide the CDHS with tracking information for overnight shipments via electronic mail upon request.
  
- E. The Contractor shall process mass deliveries and/or shipments of Medi-Cal publications upon receipt of a request by the CDHS. Mass deliveries and/or shipments may result from a variety of activities, such as major notification efforts or special projects. The Contractor shall work with the CDHS to develop a schedule for the mass deliver and/or shipment based upon the number of recipients and their locations. The Contractor shall submit the schedule to the CDHS for approval no later than ten (10) business days from the date the CDHS notifies the Contractor of the need for a mass delivery and/or shipment. Once the schedule is approved by the CDHS in writing, the Contractor shall deliver and/or ship the publications to the scheduled recipients in accordance with the CDHS-approved schedule.

**Exhibit B**  
**Budget Detail and Payment Provisions**

**1. Invoicing and Payment**

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates and/or allowable costs specified herein.
- B. Invoices shall include the invoice name, invoice number (invoice numbers shall be agreed upon between the Contracting Officer and the Contractor), and a Agreement nNumber, and shall be submitted not more frequently than monthly in arrears to:

Mr. Jerry Stanger  
California Department of Health Services  
Payment Systems Division  
MS 4700  
P.O. Box 997413  
Sacramento, CA 95899-7413

In addition to the provisions stated below, please refer to Exhibit B, Attachment I for additional specific invoicing instructions.

- C. Each original invoice shall:
- 1) Be prepared on Contractor letterhead. If invoices are not on produced letterhead invoices must be signed by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the service performed under this contract.
  - 2) Bear the Contractor's name as shown on the agreement.
  - 3) Identify the billing and/or performance period covered by the invoice.
  - 4) Itemize costs for the billing period in the same or greater level of detail as indicated in this agreement. Subject to the terms of this agreement, reimbursement may only be sought for those costs and/or cost categories expressly identified as allowable in this agreement and approved by ~~CDHS~~CDHS.
  - 5) Include the Contract payment provision section under which the expenses are payable.
  - 6) Identify the payment requested for the amount due.
  - 7) Identify required performance levels and/or deliverables, including a clear statement indicating whether or not the required performance level or deliverable was met and/or provided and a plan to achieve requirement(s) (Corrective Action Plan) if any were not met.
  - 5)8) Report expenses attributed to Disabled Veteran Business Enterprise (DVBE) subcontractors or DVBE suppliers at any tier (if any). This requirement only applies if the Contractor identified DVBEs for participation during the selection or negotiation process.

D. The Contracting Officer will identify, during Takeover, the number of copies that the Contractor shall submit with each original invoice. In addition to the paper copies, the Contractor must submit the invoice and supporting documentation in electronic form. During Takeover, the Contractor will work with the CDHS on the development of the format and submission method for the electronic version of the invoice and supporting documentation. The CDHS will deny or reduce any invoice that the Contractor has improperly billed.

**2. Budget Contingency Clause**

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

**Exhibit B**  
**Budget Detail and Payment Provisions**

- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

**3. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

**4. Timely Submission of Final Invoice**

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of the State under this agreement have ceased and that no further payments are due or outstanding.
- B. The State may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.
- C. The Contractor is hereby advised of its obligation to submit, with the final invoice, a      **"Contractor's Release (Exhibit F)"** acknowledging submission of the final invoice to the State and certifying the approximate percentage amount, if any, of recycled products used in performance of this agreement.

**5. Progress Payment**

Notwithstanding provisions to the contrary, all compensation for services provided under this agreement will be made pursuant to the terms of Exhibit B, Attachment I, ~~to~~of this agreement. The provisions of Exhibit B - Attachment I, supercede and replace any and all conflicting RFP provisions.

The State will not provide payment for any invoice that seeks reimbursement that has not been submitted and paid within two (2) years of the date of service.

**6. Advance Payments**

Nonprofit organizations may be allowed to request advance payments according to ~~DHSC~~CDHS guidelines after the contract is executed. If applicable, detailed provisions will appear in the resulting contract.

**7. Expense Allowability / Fiscal Documentation**

- A. Invoices, received from a Contractor and accepted and/or submitted for payment by the State, shall not be deemed evidence of allowable agreement costs.
- B. Contractor shall maintain for review and audit and supply to ~~DHSC~~CDHS upon request, adequate documentation of all expenses claimed pursuant to this agreement to permit a determination of expense allowability.
- C. If the allowability or appropriateness of an expense cannot be determined by the State because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate according to generally accepted accounting principles or practices, all questionable costs may be disallowed and payment may be withheld by the State. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.

**Exhibit B**  
**Budget Detail and Payment Provisions**

- D. If travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. For more information on allowable travel and per diem expenses and required documentation, see Exhibit G entitled, "Travel Reimbursement Information".
- E. Costs and/or expenses deemed unallowable are subject to recovery by ~~GDHS~~[CDHS](#). See provision 8 in this exhibit entitled, "Recovery of Overpayments" for more information.

**8. Recovery of Overpayments**

- A. Contractor agrees that claims based upon a contractual agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the State [and/or federal government](#) by one of the following options:
  - 1) Contractor's remittance to the State of the full amount of the audit exception within 30 days following the State's request for repayment;
  - 2) A repayment schedule which is agreeable to both the State and the Contractor.
- B. The State reserves the right to select which option will be employed and the Contractor will be notified by the State in writing of the claim procedure to be utilized.
- C. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund commencing on the date that an audit or examination finding is mailed to the Contractor, beginning 30 days after Contractor's receipt of the State's demand for repayment.
- D. If the Contractor has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the Contractor loses the final administrative appeal, Contractor shall repay, to the State, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the Contractor's first receipt of State's notice requesting reimbursement of questioned audit costs or disallowed expenses.

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If the incumbent is the successful bidder for the replacement of this Contract, and the CDHS determines that certain Turnover requirements are not necessary, then the Contractor's Turnover fixed price bid shall be reduced by a Change Order so that the Contractor is not paid for any Turnover requirements that the Contracting Officer identifies as no longer being required.

If the CDHS elects to exercise its option to extend the Contract by use of Extension Phases 1, 2, 3, or an Extended Operations period, the bid rate for Turnover shall be adjusted by any change in the CCPI during the time period for which Operations is extended. Therefore, for Extension Phases 1, 2, 3, or Extended Operations, the bid amount will be adjusted by the CCPI for the same time period as Extension Phase 1, 2, or 3, respectively. Multiple extensions and adjustments may occur.

#### **1.16.1 TURNOVER INVOICE**

Fifty percent (50%) of the Turnover bid price shall be paid in fifteen (15) equal installments, the first of which shall be made upon acceptance and approval of the Turnover Work Plan. Thereafter, the fourteen (14) remaining installments will be paid in the last fourteen (14) months of Contract Operations/Turnover. These installment payments shall be contingent upon receipt of deliverables, achievement of milestones, and the written acceptance/approval of the Contracting Officer. The remaining fifty percent (50%) of the Turnover bid price shall be payable upon completion of all the requirements specified in Exhibit A, Attachment III, Turnover, and receipt of the written acceptance/approval of the Contracting Officer.

#### ~~1.17 CONTRACT INVOICES~~

~~Each original invoice shall include the following:~~

~~A. Invoice name;~~

~~B. Billing and service period covered by the invoice;~~

~~C. Invoice number (Invoice numbers shall be agreed upon between the Contracting Officer and the Contractor);~~

~~D. Contract payment provision section under which the expense(s) are payable;~~

~~E. Payment requested for the amount due;~~

~~F. Required performance levels and/or deliverables;~~

~~G. A clear statement indicating whether or not the required performance level or deliverable was met or provided; and~~

~~H. A plan to achieve requirement(s) if any requirement(s) were not met.~~

~~The Contracting Officer will identify, during Takeover, the number of copies that the Contractor shall submit with each original invoice. In addition to the paper copies, the Contractor must submit the invoice and supporting documentation in electronic form. During Takeover, the~~

~~Contractor will work with the CDHS on the development of the format and submission method for the electronic version of the invoice and supporting documentation. The CDHS will deny or reduce any invoice that the Contractor has improperly billed.~~



**1. Additional Incorporated Exhibits**

- A. The following additional exhibits are attached, incorporated herein, and made a part hereof by this reference:

1) Exhibit A	The Narrative Proposal submitted by the Contractor on (enter date), <del>as incorporated into this Agreement by reference.</del>	X page(s)
2) Exhibit B	The Cost Proposal submitted by the Contractor on (enter date).	X page(s)
3) Attachment 17	Cost Proposal Form	1 page

- B. The following documents and any subsequent updates are not attached, but are incorporated herein and made a part hereof by this reference. These documents may be updated periodically by CDHS, as required by program directives. CDHS shall provide the Contractor with copies of said documents and any periodic updates thereto, under separate cover. CDHS will maintain on file, all documents referenced herein and any subsequent updates.

- 1) CDHS Health Administrative Manual Section 6-1000
- 2) Exhibit name (i.e., Program Manual)
- 3) Exhibit title (i.e., Numbered Program Policy letters)

**2. Access Requirements**

- A. CDHS Right to Monitor

The CDHS shall have the right to monitor all aspects of the Contractor's performance of the Contract.

Wherever a duty of access is imposed on the Contractor or its subcontractors in the Contract, the Contractor shall have a duty to cooperate, which shall not be withheld, with CDHS staff, authorized CDHS and/or federal representatives, and/or the Contracting Officer's designees.

- B. Access to Premises

To assure compliance with the Contract and for any other reasonable purpose, the CDHS and its authorized representatives and designees, as authorized by the Contracting Officer, shall at all times have the right of access, with or without notice to the Contractor, to the Contractor's, or its parent corporation's, premises. Such premises shall include the HCO main operating facility, and/or such other place where duties under the Contract are being performed, including the Contractor's data center, to inspect, monitor, or otherwise evaluate the work performed or being performed therein, or to elicit information concerning the HCO Program Operations or any related work. Badge request for CDHS and federal personnel shall be honored promptly by the Contractor, with temporary badges provided upon request. Permanent badges, including picture badges, must be supplied within five (5) business days of request, as authorized by the Contracting Officer. The Contractor shall provide a badge system consisting of:

- 1) A badge requiring an escort.

## **14. Change Orders**

This Provision shall apply in cases where the CDHS alters the amount of responsibilities required under the Scope of Work or reallocates functions within the Scope of Work of the Contract, resulting in an increase or decrease of the fixed bid price. Change Orders will be utilized in cases where an adjustment is needed to the Contractor Scope of Work and/or payment. All approved change orders will be incorporated into the contract through the contract amendment process.

### **A. Change In Fixed Bid Price**

The Contractor's bid prices will remain in effect for required work through the end of the Contract. In the event that the CDHS alters the amount of work required or reallocates functions within the general scope of the Contract (which the CDHS, at its sole discretion, may do at any time during the term of the Contract), in such a way as to cause a documentable increase or decrease in the required effort of the Contractor, such action by the CDHS shall be taken through a Change Order. As used in this Provision, "documentable" means that quantitative evidence can be presented to support the proposition that there is an "increase or decrease."

The following ~~four (4)~~ five (5) conditions will not be justification for adjustment to the bid prices:

- 1) Implementation by the Contractor of instructions contained in HCO C-Letters or other changes which would normally be made as part of the Contractor's responsibility;
- 2) Execution of a Contract responsibility for which the Contractor is already receiving reimbursement;
- 3) Changes in volumes that are within the ranges defined in Exhibit B, Budget Detail – Payment Provisions; and
- 4) Design, Development & Implementation (DD&I), maintenance, or other activities defined in the Contract as part of the contractual responsibilities, and
- 5) Additional Contractor Services (ACS) proposed by the Contractor.

### **B. In determining whether a price adjustment is necessary, consideration shall first be given to:**

- 1) Whether this effort has been offset by the implementation of cost reduction changes initiated by either the Contractor or the CDHS, as described in Exhibit E, Additional Provisions, Section 24, Cost Reduction Change Proposals; and
- 2) Whether there are alternate means for implementing the change or whether there are resources being used elsewhere which can be made available for the change.

If the total cost for the adjustment exceeds the saving of the actions listed in (1) and (2), above, the Change Order process shall be utilized to compensate for the increased cost, plus overhead and profit.

### **C. Change Order Implementation**

This Provision is intended for use in the case of a change in the amount of the Contractor's responsibilities that fall within the Scope of Work. If a change in the amount of the Contractor's responsibilities is proposed, the Contracting Officer shall issue a Change Order via a C-Letter

## 17. Contract Communication

- A. Any notice required by the Contract shall be written and sent by registered or certified mail, return receipt requested, or shall be delivered in hand and a receipt given by the recipient, and shall be effective upon receipt by the Contracting Officer or the Contractor, whichever is the addressee. All notices, including correspondence and reports, shall also be submitted to CDHS electronically, in a manner designated by CDHS.
- B. Notwithstanding any other provision of the Contract, any contracting approvals must be received in writing by the Contractor prior to the Contractor taking any action requiring such approval, unless the Contracting Officer specifically exempts, in writing, the Contractor from this requirement.
- C. In addition to the terms of this Contract the CDHS shall be bound only by Contract letters (C-Letters), unless otherwise specified in this Contract. These C-letters represent the CDHS direction to the Contractor; are issued by the Contracting Officer, or his or her representative, over the Contracting Officer's signature block; and are sequentially numbered. The Contractor shall respond with its own set of sequentially numbered letters issued by the Contractor Representative or designee, which shall bind the Contractor.
- D. Discussions concerning actions the Contractor will be expected to take under Contract can and must occur. Even when such discussions lead to decisions about specific actions that the Contractor will be expected to take, however, no actions are to be taken in the absence of written instruction, in the form of a C-Letter.

In cases where prompt action is necessary, written instructions to the Contractor can temporarily take the form of an e-mail from the Contracting Officer or authorized designee only. However, e-mails must be confirmed by C-Letters. In such cases, the e-mail is to be retained by both the parties as verification that the action taken was in response to a proper written request.

- E. The Contractor shall provide delivery services twice daily between the Contractor's main operating facility and the East End Complex.

The Contractor and the CDHS shall respond to each other within ten (10) business days, or a time period which may be shorter or longer as designated by the Contracting Officer.

## 18. Contract Term

- A. The Contract term shall extend from the CED for four (4) years, six (6) months and three (3) ---- one (1) year optional extension phases, through Contract Termination Date (CTD), which is three (3) months after Operations end. This timeframe includes a twelve (12) month time period for Takeover (which begins nine (9) months prior to Assumption of Operations and concludes three (3) months after Assumption of Operations), in accordance with Takeover requirements, a three (3) year, nine (9) month time period for Operations, extendable up to three (3) years, and a fifteen (15) month time period for Turnover (which begins twelve (12) months prior to the end of Operations and concludes three (3) months after the Operations period ends).

Takeover begins on January 1, 2008, or at CED if the Contract is executed later than January 1, 2008. The first (1<sup>st</sup>) phase of Operations will begin on October 1, 2008, and end on June 30, 2009, which is nine (9) months versus one (1) full year (twelve (12) months). Subsequent Contract years will begin on July 1 and end on June 30, said dates to coincide with the State's fiscal year period. The Contract may continue through September 30, 2015, if all three (3)

optional extension phases are used. The agreement term may change if the CDHS makes a successor Contractor selection earlier than expected or if the CDHS cannot execute the agreement in a timely manner due to unforeseen delays.

- B. The resulting Contract will be of no force or effect until it is signed by both parties and approved by the Department of General Services, if required. The Contractor is hereby advised not to commence performance until all approvals have been obtained. Should performance commence before all approvals are obtained, services may be considered to have been volunteered.
- C. The three (3) year, nine (9) month—Operations period will commence on October 1, 2008, subject to the CDHS acceptance of the Contractor's readiness to perform enrollment and disenrollment processing, and all associated HCO Program functions. If enrollment and disenrollment processing and/or all associated HCO Program functions are delayed, the CDHS may, at its option, either (1) shorten the Operations Period by the amount of the delay, or (2) require the Contractor to adhere to the first (1<sup>st</sup>) nine (9) month year (adjusting the total months used to fit the State fiscal year) and subsequent ~~two (2)~~three (3) full years Operations period. In the event the CDHS selects option (2) above, all timeframes related to the Turnover phase will be delayed by the same amount of time as the delay of enrollment and disenrollment processing and/or all associated HCO Program functions. The Operations period will be subdivided into one (1) nine (9) month phase and ~~two (2)~~three (3), one (1) year phases.
- D. The Contracting Officer shall have the exclusive option to extend the term of the Contractor's Operations during the last year of the existing Contract period of performance with the CDHS, with the approval of the Department of General Services. CDHS may decide to extend the Contract for up to three separate extensions of one (1) year each. Additionally, as described in Exhibit B, Attachment 1, Section 1.11, Extended Operations, the CDHS may exercise an one-time—'Extended Operations' period for the Contract for a period no shorter than six (6) months, but up to one (1) year. Either the final one (1) year extension period (when exercised) or the period of Extended Operations, if any, will be followed by a commensurate extension of time for Turnover. The Contractor shall be given at least a sixty 60—day notice if the CDHS chooses to extend the Contract through a formal Contract amendment.

During any of the extension periods addressed above and during any period of Extended Operations, the Contractor's responsibilities shall remain the same as are defined in the Contract. Unless the CDHS elects an Extended Operations period of less than one year, the Operations period shall terminate on June 30 of the final year.

## **19. Contractor Certification**

With respect to any report, invoice, record, paper, document, book of account, or other Contract-required data, submitted, pursuant to the requirements of the Contract, the Contractor's Representative or his/her representative shall certify that the report, invoice, record, paper, document, book of account or other Contract-required data is current, accurate, complete and in full compliance with legal and contractual requirements to the best of that individual's knowledge and belief, unless the requirement for such certification is expressly waived by the CDHS in writing.

Where in the Contract there is a requirement that the Contractor "certify" or submit a "certification," such certification shall be in the form of an affidavit or declaration under penalty of perjury dated and signed by the Contractor's Representative or his/her authorized representative.

- c) The names, phone numbers, functions, and activities of each Contractor, subcontractor, CDHS official or employee involved in or knowledgeable about such conduct;
- d) The identification of any documents, and the substance of any oral communications involved in such conduct. Copies of all identified documents shall be attached;
- e) The reasons why the Contractor is disputing the conduct;
- f) The cost impact to the Contractor directly attributable to the alleged conduct, if any, including:
  - 1. What Contract line item(s) have been or may be affected by the alleged conduct;
  - 2. What labor or materials or both have been or may be added and/or deleted by the alleged conduct;
  - 3. To the extent practicable, what effects on the manner and/or sequence of performance (delay, disruption, or other effects) have been or may be caused by the alleged conduct; and
  - 4. What adjustments to Contract price, delivery schedule, and other provisions are required or have been or may be affected by the alleged conduct.
- g) If no cost impact is involved, the Contractor's desired remedy.

~~Notwithstanding the submission of a Notification of Dispute, the Contractor shall diligently continue performance of the Contract (including matters identified in the Notification of Dispute to the maximum extent possible).~~

#### C. Waiver of Claims

If the Contractor fails to submit a Notification of Dispute, supporting and substantiating documentation, and/or any additionally required information in the manner, and within the time specified in Exhibit E, Additional Provisions, Section 27, Dispute Resolution Process, such failure shall constitute a waiver by the Contractor of all claims arising out of said conduct, whether direct or consequential in nature, and the Contractor shall not have any further appeal rights, either under this Contract or at law or equity on such claims.

#### D. Contracting Officer's Decision

Except as provided in Section 27.E, Dispute of Reimbursable Costs, any disputes concerning performance under the Contract shall be decided by the Contracting Officer, who shall convey his or her decision to the Contractor in writing. The Contracting Officer's written decision will describe the factual basis for the decision and shall be delivered to the Contractor within thirty (30) calendar days of the date on which the Notification of Dispute or any additional substantiating documentation requested by the Contracting Officer was received. The Contracting Officer may extend this submission deadline by explaining to the Contractor in writing why a longer period is necessary. The Contracting Officer's decision shall be final and conclusive unless the Contractor files with the Contracting Officer a written appeal, addressed to the Director of the California Department of Health Services. Any written appeal must be submitted in the manner described within thirty (30) calendar days from the date on which the Contractor received the Contracting Officer's decision. Failure to submit in the manner

described, and within the required time frame constitutes a waiver by the Contractor of all claims in accordance with Section 27.B, Dispute Resolution Process– Waiver of Claims.

The Contracting Officer's decision will do one of the following:

- 1) Find in favor of the Contractor, in which case the Contracting Officer may:
  - a) Countermand the earlier conduct which caused the Contractor to file a dispute; or,
  - b) Reaffirm the conduct and, if there is a cost impact, issue a Change Order in accordance with Section 14, Change Orders.
- 2) Deny the Contractor's dispute and, where necessary, provide the Contractor with direction concerning any necessary alterations in its performance under this Contract; or
- 3) If the Contracting Officer is unable to reach a decision based upon the information contained in the Contractor's notification, he or she may request additional substantiating documentation, and shall advise the Contractor as to what additional information is required, and establish how that information shall be furnished.

The Contractor shall have thirty (30) calendar days to respond to the Contracting Officer's request for further information. Upon receipt of this additional requested information, the Contracting Officer shall have thirty (30) calendar days to respond with a decision. Failure to supply additional information required by the Contracting Officer within the time period specified above shall constitute a waiver by the Contractor of all claims in accordance with Section 27.C, Dispute Resolution Process – Waiver of Claims.

**E. Dispute of Reimbursable Costs**

Where a dispute arises concerning a question of reimbursable costs incurred under the Cost Reimbursement provisions of this Contract, the Contractor shall seek resolution through the audit procedure as set forth in Title 22, CCR, Provider Audit Appeals, commencing with Section 51016. This procedure shall be the Contractor's exclusive remedy for disputes covered by this subsection.

**F. Contractor's Duty to Perform**

- 1) Notwithstanding the submission of a Notification of Dispute, the Contractor shall diligently continue performance of the Contract (including matters identified in the Notification of Dispute to the maximum extent possible).
- 2) Pending final determination of any dispute hereunder, the Contractor shall proceed diligently with the performance of its responsibilities under this Contract and in accordance with the Contracting Officer's direction.

**G. Appeal for Disputes Totaling \$50,000 or Less**

In any appeal by the Contractor of a Contracting Officer's decision under Section 27.D, Contracting Officer's Decision, where the amount in controversy is fifty thousand dollars (\$50,000) or less, the Contracting Officer and the Contractor may agree on the appointment of a single dispute examiner to consider and to decide the dispute.

The Dispute Examiner shall render a written decision on the dispute within thirty (30) calendar days of receiving all pertinent documentation, which period may be extended for an additional



thirty (30) calendar days by the Dispute Examiner in extraordinary circumstances. The Dispute Examiner may decide the matter on the basis of documentary evidence alone, without a hearing, and may require either party to produce additional evidence found necessary to the decision.

The Dispute Examiner's decision is final and not subject to appeal to the Director, by either party, except in cases of demonstrated bad faith, fraud, or if unsupported by any reasonable determination of the evidence presented.

If the Contracting Officer and Contractor cannot agree on a Dispute Examiner, the matter shall be processed as an appeal under Exhibit E, Additional Provisions, Section 27.H, Contractor's Right to Appeal.

If no cost impact can be shown to be directly attributable to the conduct under dispute or if there is no amount in controversy, the Contractor and the Contracting Officer should mutually agree what type of appeal will be most appropriate to the circumstances. Failure to reach such agreement shall be resolved by handling the appeal in accordance with Exhibit E, Additional Provisions, Section 27.H, Contractor's Right to Appeal.

#### H. Contractor's Right to Appeal

In connection with any appeal from a Contracting Officer's decision involving fifty thousand dollars (\$50,000) or more, the Contractor shall be afforded an opportunity to be heard and to offer evidence and oral argument in support of its appeal.

At such hearing, the CDHS may also offer evidence and oral argument in support of its position.

The Director shall appoint a Hearing Examiner or Board composed of not more than three (3) persons to take evidence, hear oral arguments, and make recommendations to the Director as to the proper findings and conclusions to be reached in the appeal. The Hearing Examiner or Board shall take the matter under deliberation at the conclusion of the hearing.

A proposed decision, in a form that may be adopted as the decision of the Director, shall be submitted to the Director and shall be served by the CDHS on each party in the case.

The Director may take any one of the following actions:

- 1) Adopt the proposed decision, without reading or hearing the record;
- 2) Reject the proposed decision and have a decision prepared based upon the documentary and electronically recorded or transcribed record, without taking additional evidence. The Director shall decide no dispute provided for in this paragraph without affording the parties the opportunity to present either oral or written argument; or
- 3) Refer the matter to the Hearing Examiner or Board to take additional evidence. If the case is so assigned, a new proposed decision shall be prepared based upon the additional evidence and the record established in the previous hearing.

In the event of two (2) or three (3) above, a copy of the new proposed decision shall be submitted to the Director for adoption and shall simultaneously be served on each party in the case.

The Director shall render a decision within sixty (60) calendar days after receipt of a proposed decision. The decision shall be final upon adoption by the Director. The right to judicial appeal commences upon adoption of the decision by the Director. The right to appeal terminates sixty (60) calendar days after adoption of the decision by the Director. Adoption is the date the director signs the decision.

Informal ~~SOW changes~~clarifications may include the substitution of specified activities or tasks, the alteration or substitution of agreement deliverables, and modifications to anticipated completion/target dates.

Informal ~~SOW changes process hereunder~~clarifications, do not require a formal amendment to this agreement, and will not change the costs proposed by the Contractor~~provided the Contractor's annual budget does not increase or decreases as a result of the information SOW change.~~

Unless otherwise expressly provided in this agreement, all informal ~~SOW changes and revisions~~clarifications are subject to prior written approval by the CDHS.

In implementing this provision, the CDHS may provide a format for the Contractor's use to request informal ~~SOW changes~~clarifications. If no format is provided by the CDHS, the Contractor shall use C Letters to transmit their request~~may use its own format.~~

### **35. Insurance**

This section sets forth the requirements for insurance and Commercial Crime policy under the Contract.

As used in this section, a third party carrier means an insurance company and/or bonding company licensed by the California Department of Insurance to provide the required lines of coverage and in the amounts required by the Contract.

No policy of insurance or bond provided or maintained under this section shall provide for an exclusion for the acts of officers.

- A. Evidence of the insurance coverage required by paragraph (C) below must be submitted to the Contracting Officer prior to the CED.
- B. If the required insurance is not to be provided by a third party carrier, the Contracting Officer must approve, in writing, any proposed alternative coverage prior to its use under the Contract. Any request to use coverage other than standard insurance from a third party carrier must be submitted to the Contracting Officer in writing within ten (10) calendar days after the notice of intent to award the Contract. The request shall clearly and fully set out the arrangements proposed and how such arrangements will fully comply with Contract requirements. If the request is denied by the Contracting Officer, required insurance from a third party carrier must be obtained and evidence of coverage submitted to the CDHS prior to the CED.
- C. The Contractor shall provide and maintain and shall require its subcontractors to provide and maintain the following insurance during the performance of the Contract:
  - 1) Workers' Compensation Insurance in accordance with the statutory requirements of the CDHS where work is performed; and
  - 2) Commercial General and Automobile Liability insurance with limits in a minimum amount of five million dollars (\$5,000,000) per occurrence for bodily injury and property damage liability combined. Such coverage must apply to all locations where any work pertaining to the Contract is performed.
- D. The CDHS shall be named as an additional insured on the policy of insurance, with the exception of the Worker's Compensation Insurance, but only insofar as the activities of the Contract are concerned. The CDHS will not be responsible for any premiums or assessments on the policy or policies.